I. COVERAGE

The coverage provisions of the State unemployment insurance laws determine the employers who are liable for contributions and the workers who accrue rights under the laws. Coverage is defined in terms of (*a*) the size of the employing firm, (*b*) the contractual relationship of the worker to the employer, and (*c*) the place where the worker is employed. Coverage under the laws is limited by exclusion of certain types of employment. In most States, however, coverage can be extended to excluded workers under provisions which permit voluntary election of coverage by employers.

The coverage provisions of the State laws have been influenced by the taxing provisions of the Social Security Act, now the Federal Unemployment Tax Act, since employers who pay contributions under an approved State unemployment insurance act may credit their State contributions against a specified percentage of the Federal tax. Prior to the 1954 amendments enacted by Public Law 767, 83d Congress, the Federal law was applicable to employers of eight or more workers on at least 1 day of each of 20 different weeks in a calendar year. Effective with respect to services performed after December 31, 1955, the Federal act is applicable to employers of four or more workers on at least 1 day of each of 20 weeks during the calendar year. All the States now cover firms employing four or more workers. Fifty-one do so by express definitions of "employer" in their laws; and Oklahoma, by the operation of a provision in its law that all employing units which constitute "employers" under the Federal act are automatically considered employers by the State. (See table 3.)

The Federal and State definitions of "employment" exclude certain types of service from coverage. See pages 9–15. Since 1939 railroad workers have been excluded from coverage and covered by a special Federal unemployment insurance program administered by the Railroad Retirement Board.

Size of Firm

The coverage provisions of most State laws utilize definitions of "employing unit" and "employer." The employing unit is the more inclusive term: it is any individual or any one of specified types of legal entity which had one or more individuals performing service for it within the State. All employing units are subject to the act with respect to the furnishing of required reports. An employer is an employing unit which meets other requirements and hence is subject to contributions and its workers accrue rights for benefits.

Table 1.—Size of firms covered

State	Minimum number of workers [1]	Minimum period of time	Added conditions (payroll) (8 States)	Alternative conditions (workers or payroll) (10 States)
Alabama	4	20 weeks		
Alaska	1	At any time		
Arizona	3	20 weeks		
Arkansas	1	10 days		
California	1	Not specified	Over $100 in any quarter.	
Colorado	4	20 weeks		
Connecticut	3	13 weeks		
Delaware	1	20 weeks		
District of Columbia	1	At any time		
Florida	4	20 weeks		4 in 8 weeks and over $6,000 in any quarter.
Georgia	4	20 weeks		
Hawaii	[2] 1	At any time		
Idaho	1	Not specified	$150 in any quarter	
Illinois	4	20 weeks		
Indiana	[3] 4	20 weeks		
Iowa	4	20 weeks		
Kansas	4	20 weeks		25 in 1 week.
Kentucky	4	20 weeks		4 in 3 quarters of preceding year and $50 per quarter for each worker.
Louisiana	4	20 weeks		
Maine	4	20 weeks		
Maryland	1	At any time		
Massachusetts	1	13 weeks		
Michigan	4	20 weeks		
Minnesota	[4] 1	20 weeks		(4)
Mississippi	4	20 weeks		
Missouri	4	20 weeks		
Montana	1	20 weeks		Over $500 in current or preceding year.
Nebraska	4	20 weeks		$10,000 in any quarter.
Nevada	1	Not specified	$225 in any quarter	
New Hampshire	4	20 weeks		
New Jersey	4	20 weeks		
New Mexico	1	Not specified	$450 in any quarter	2 or more in 13 weeks.
New York	1	Not specified	$300 in any quarter	
North Carolina	[3] 4	20 weeks		
North Dakota	4	20 weeks		
Ohio	3	At any time		
Oklahoma	[1] 4	20 weeks		
Oregon	1	Not specified	$225 in any quarter	
Pennsylvania	1	At any time		
Puerto Rico	[3] 4	At any time		
Rhode Island	1	At any time		
South Carolina	4	20 weeks		
South Dakota	4	20 weeks		$24,000 in current or preceding year.[5]
Tennessee	4	20 weeks		
Texas	4	20 weeks		
Utah	1	Not specified	$140 in any quarter	
Vermont	3	20 weeks		
Virginia	4	20 weeks		
Washington	1	At any time		
West Virginia	4	20 weeks		10 in 3 weeks; 4 in any quarter, and $5,000, or $20,000 in any year.
Wisconsin	4	20 weeks		$6,000 in any year or $10,000 in any quarter.[6]
Wyoming	1	Not specified	$500 in any year	

[1] Effective by operation of provision in State law that employers subject to the Federal Unemployment Tax Act are subject to the State employment security law.
[2] Also covers employers of 20 or more agricultural workers in 20 weeks.
[3] Workers whose services are covered by another State through election under a reciprocal-coverage agreement are included for purposes of determining employer liability.
[4] Employers of fewer than 4 outside the corporate limits of a city, village, or borough of 10,000 population or more are not liable for contributions unless they are subject to the Federal Unemployment Tax Act; also covers nonresident employers who employ at least 1 employee for at least 1 week.
[5] Not counting more than $3,000 wages per employee in applying the test of $24,000 in year.
[6] Not counting more than $1,000 wages per employee in applying the test of $10,000 in quarter.

The size of firm covered is usually determined by the number of workers employed for a specified period of time. However, in 15 States the amount of wages paid is a factor; in 8 of these States, the only factor (table 1).

Originally, most State laws covered only those employers who, within a year, had eight or more workers in each of 20 weeks. This was due largely to the coverage provisions of the Federal Unemployment Tax Act. However, as the States gained experience in administering unemployment insurance and as a result of the 1954 amendments to the Federal Unemployment Tax Act, smaller firms have been brought under the acts in all States. Now 28 States cover workers in firms with 4 or more workers; 4 States, 3 or more workers; and 20 States, 1 or more workers, as shown State by State in table 1. Twenty States require coverage of firms with the specified number of workers for a period shorter than 20 weeks.

Ten States have alternative provisions. Kentucky, Montana, and New Mexico merely provide an alternative measure for determining the minimum size of firm covered. In Minnesota the alternative is a requirement of 4 or more employees in 20 weeks in communities of less than 10,000 population, compared with 1 or more workers in 20 weeks in the 39 larger centers. The alternative provisions in Kansas (25 workers in 1 week), in Florida (4 workers in 8 weeks and more than $6,000 in any quarter), in South Dakota ($24,000 in the current or preceding year) and in Nebraska and Wisconsin (payroll of $10,000 in any quarter with a further alternative of $6,000 payroll in any year in Wisconsin) are designed to insure coverage of employers who have extensive operations in the State for periods shorter than the specified 20 weeks. In West Virginia several alternatives are provided. These are: 10 workers in 3 weeks; 4 workers and $5,000 in any quarter; or $20,000 in any year.

The minimum size-of-firm provisions in the 52 States may be summarized as follows:

Specified minimum period of time	Total number of States	Number of States with specified minimum number of workers		
		1	3	4
Total	52	20	4	28
Not specified	8	8		
Any time	9	7	1	1
10 days	1	1		
13 weeks	2	1	1	
20 weeks	32	3	2	[1] 27

[1] In 1 State, by operation of provision in State law that employers subject to the Federal Unemployment Tax Act are subject to the State employment security law.

Coverage of affiliated units or establishments.—In States in which mandatory coverage is limited to firms with a specified number of

workers in employment, certain special provisions, included in the definition of employing unit, prevent splitting an employing unit into two or more entities to avoid coverage or to reduce tax liabilities. In 31 States, coverage of some small units is effected through provisions under which individuals performing service for an employing unit that maintains two or more separate establishments within the State are deemed to be performing service for a single employing unit. Under 14 State laws each employing unit is considered an employer subject to contributions if the total number of employees of all firms under common ownership and control equals or exceeds the minimum number specified in the State law. Coverage of other small units is effected by provisions in 13 State laws that an employing unit is deemed to employ individuals engaged in work for it (which is part of its usual business) through a contractor or subcontractor unless both the employing unit and the contractor or subcontractor are separately subject to the law. Of the 34 States in which an employer's liability for contributions may depend on the number of workers in employment, all but West Virginia have some such provision, as shown in table 2.

Table 2.—Extension of coverage to affiliated units or establishments, 34 States [1]

State	Multiple unit provision (31 States)	Common ownership provision (14 States)	Contractor-subcontractor provision (13 States)	State	Multiple unit provision (31 States)	Common ownership provision (14 States)	Contractor-subcontractor provision (13 States)
Alabama	X			Nebraska	X		X
Arizona	X	X		New Hampshire	X		X
Colorado	X			New Jersey	X	X	X
Connecticut		X	X	New Mexico	X	X	X
Florida	X			North Carolina	X		
Georgia	X	X		North Dakota	X		X
Illinois	X			Ohio	X		
Indiana	X			Oklahoma	X	X	X
Iowa	X	X	X	Puerto Rico	X	X	X
				South Carolina	X		
Kansas	X						
Kentucky	X	X		South Dakota	X		
Louisiana	X		X	Tennessee	X		
Maine	X	X	X	Texas	X		
Michigan	X			Vermont	X	X	
Minnesota	X	X		Virginia	X	X	X
Mississippi	X	X		West Virginia			
Missouri	X			Wisconsin			X

[1] States in which employer's liability for contributions depends, at least in part, on the number of workers in employment.

Coverage by reason of Federal coverage.—A provision for mandatory coverage of employers with four or more workers for a minimum period in one State would, standing alone, exclude some workers employed by a multistate employer who is subject to the Federal Unemployment Tax Act because he has 4 or more workers in the country as a whole. Such workers would not accrue benefit rights, and the employer would be liable for the full Federal tax. Most State laws which exclude the smallest firms have a provision that any employing unit which is subject to the Federal unemployment tax is subject to

the State tax for workers within the State. (See table 3.) In most States, this provision permits immediate coverage of smaller firms if coverage under the Federal act is further extended.

Table 3.—State coverage resulting from coverage under the Federal Unemployment Tax Act

State	Employer includes any employing unit subject to Federal unemployment tax	Employment includes any service covered by Federal unemployment tax	Wages includes remuneration over $3,000 if subject to Federal unemployment tax [1]	State	Employer includes any employing unit subject to Federal unemployment tax	Employment includes any service covered by Federal unemployment tax	Wages includes remuneration over $3,000 if subject to Federal unemployment tax [1]
Alabama	X	X		Montana	[2]		
Alaska	[2]	X	X [1]	Nebraska	X	X	X
Arizona	X	X	X	Nevada	X [6]	[2]	X [1]
Arkansas	[2]	X	X	New Hampshire	X	X	X
California	[5]	X [4]	[1]	New Jersey			
Colorado				New Mexico	[2]		
Connecticut	X			New York	[5]		X
Delaware	X	X	[1]	North Carolina	X	X	
District of Columbia	[2]	X	X	North Dakota	X		X
Florida	X	X	X	Ohio			
Georgia	X	X [5]	X	Oklahoma	X		X
Hawaii	[2]	X	[1]	Oregon	[2]	X	[1]
Idaho	[3]	X	[1]	Pennsylvania	[2]	X	X
Illinois	X	X	X	Puerto Rico	X	X	X
Indiana	X	X	X	Rhode Island	[3]		X [1]
Iowa	X			South Carolina			
Kansas	X			South Dakota	X	X	X
Kentucky	X		X	Tennessee	X	X	X [1]
Louisiana	X	X		Texas	X		
Maine	X	X	X	Utah	X [5]	X	X [1]
Maryland	X [6]		X [7]	Vermont	X	X	X [1]
Massachusetts	X [8]	[9]	[1]	Virginia	X		
Michigan	X	X	[1]	Washington	X [6]	X	
Minnesota	X	X	X	West Virginia	X	X [10]	X [1]
Mississippi			X	Wisconsin	X	X	X
Missouri	X	X	X	Wyoming	[3]		

[1] In States noted, contributions are based on wages in excess of $3,000. See p. 19.
[2] No such provision; none needed since State law covers employers of 1 or more workers at any time.
[3] No such provision; since State law covers 1 or more workers for short period or with small payroll requirement, provision would have little effect. See table 1.
[4] Applies to certain specified services only, now excluded under Federal Unemployment Tax Act.
[5] Remuneration for services performed in the State and subject to Federal Unemployment Tax Act defined as wages for employment.
[6] Provision has little if any effect since State law covers employers of 1 or more workers at any time or with small payroll requirements. See table 1.
[7] Up to $3,600.
[8] Not applicable to classes of employers whose inclusion would adversely affect efficient administration or impair fund.
[9] Limited to insurance agents and insurance solicitors (Massachusetts); to nonprofit organizations (Nevada).
[10] Not applicable to agricultural labor and domestic service.

Voluntary coverage of small firms.—All States which provide coverage in terms of size of firm allow employing units with fewer than the specified number of workers to elect to have them covered under the State law. In the few States without the provision for automatic coverage of employers subject to the Federal act, employing units subject to the Federal, but not to the State, law may elect coverage for workers who would have no benefit rights in spite of the Federal taxes paid by such employing units on their services.

Employer-Employee Relationship

The relationship of a worker to the person for whom he performs services also influences whether his employer must count him in determining liability under the law. In Alabama, the statute defines "employee" in terms of a master and servant relationship but most State laws do not define or use the word "employee." The common-law master-servant relationship is the principal consideration in the determination of coverage in eight other States: in Arkansas, Idaho, Minnesota, Mississippi, and North Dakota the master-servant concept is only part of the statutory definition of employee status; in the District of Columbia the ordinary rules relating to master and servant apply by regulation; and in Florida and Kentucky the legal relationship of employer and employee was declared synonymous with the legal concept of master and servant in court decisions. California and New York have a general definition of employment in terms of services performed under "any contract of hire, written or oral, express or implied"; Connecticut and North Carolina, with similar provisions, limit the contract of hire to one creating the legal relationship of employer-employee.

Most of the laws have a broader concept of what constitutes an employer-employee relationship. They have incorporated strict tests of what constitutes such absence of control by an employer over a worker that he would be classed as an independent contractor rather than an employee. In a few States the effect of these tests has been negated by court decisions holding that if the employer-employee or master-servant relationship is not established, the tests need not be applied. Twenty-seven States provide that service for remuneration is considered employment unless it meets each of three tests: (A) the worker is free from control or direction in the performance of his work under his contract of service and in fact; (B) the service is performed either outside the usual course of the business for which it is performed or is performed outside of all places of business of the enterprise for which it is performed; and (C) the individual is customarily engaged in an independent trade, occupation, profession, or business. Five States require the first test only; two, the third; two States, any one of them; five States, the first and one other (table 4.)

Related to these provisions concerning contractual relations are specific exclusions of newsboys in all but 10 States[1] and of insurance agents on commission (41 States), real estate agents on commission (26 States), and casual labor not in the course of the employer's business (32 States) (table 5). A few States exclude also securities salesmen and investment brokers.

[1] Delaware, Iowa, Michigan, New Jersey, New York, Puerto Rico, Rhode Island, Tennessee, Vermont, and West Virginia.

Location of Employment

With 52 jurisdictions operating separate unemployment insurance laws, it is essential to have a basis for coverage which will keep individuals who work in more than one State from falling between two

Table 4.—Coverage as determined by employer-employee relationship

State	Services considered "employment" unless—			Other provisions
	Workers are free from control over performance	Service is outside regular course or place of employer's business	Worker is customarily in an independent business	
Alabama				Master-servant.
Alaska	X	and X	and X	
Arizona				Service of employee.[1]
Arkansas	X	or X	or X	Master-servant.
California				Contract of hire.[2]
Colorado				Service of employee.[1]
Connecticut				Contract of hire creating employee relationship.
Delaware	X	and X	and X	
District of Columbia				Contract of hire and master-servant.[2 3]
Florida				Service of employee.[1]
Georgia	X	and X	and X	
Hawaii	X	and X	and X	
Idaho			X	Contract of hire.[2]
Illinois	X	and X	and X	
Indiana	X		and X	
Iowa	X			
Kansas	X	and X		
Kentucky				Contract of hire and master-servant.[2 4]
Louisiana	X	and X	and X	
Maine	X	and X	and X	
Maryland	X	and X	and X	
Massachusetts	X			
Michigan	X			Contract of hire and in fact.
Minnesota			X	Master-servant.
Mississippi	X			Master-servant.
Missouri	X	and X	and X	
Montana	X	and X	and X	
Nebraska	X	and X	and X	
Nevada	X	and X	and X	
New Hampshire	X	and X	and X	
New Jersey	X	and X	and X	
New Mexico	X	and X	and X	
New York				Contract of hire.[2]
North Carolina				Contract of hire creating employee relationship.
North Dakota			X	Contract of hire and master-servant.[2]
Ohio	X	and X	and X	
Oklahoma	X	or X	and X	
Oregon	X		and X	
Pennsylvania	X		and X	
Puerto Rico	X	and X	and X	
Rhode Island	X	and X	and X	
South Carolina	X	and X	and X	
South Dakota	X	or X	or X	
Tennessee	X	and X	and X	
Texas	X			
Utah	X	and X	and X	
Vermont	X	and X	and X	
Virginia	X	and X	or X	
Washington	X	and X	and X	
West Virginia	X	and X	and X	
Wisconsin	X		and X	
Wyoming	X	and X	and X	

[1] Service performed by an employee for the person or employing unit employing him.
[2] Service under any contract of hire, written or oral, express or implied.
[3] By regulation.
[4] By court decision (*Barnes* v. *Indian Refining Company*, June 23, 1939).

or more State laws and will also prevent the requirement of duplicate contributions on the wages of a single individual. Therefore, the States have adopted a uniform definition of employment in terms of localization of work. This definition provides for coverage of the entire services of a multistate worker in one State only, the State in which he will most likely look for a job when he becomes unemployed. Under this definition of the localization of employment, a traveling salesman living in Michigan and working for a firm with headquarters in New York would be considered to have his services localized in Michigan and covered there, if all his work was there or if most of it was there and his work outside the State was incidental and temporary. If his services cannot be considered to be localized in any one State, the entire service can still be covered in one State—in New York from which his services are directed if he does some work there or in Michigan where he lives if he does some work there and travels in other nearby States.

Election of coverage of services performed outside the State.—The laws of 36 States [2] permit employers to elect coverage of workers who perform their services entirely outside the State if they are not covered by any other State or Federal unemployment insurance law. This provision would make it possible for a Connecticut employer, for example, to cover in Connecticut two employees all of whose services are performed in New Hampshire and who are not covered by the New Hampshire law because of the "four or more" provision. Of the States permitting such elections, residence is required in the State of election in all but Connecticut, Illinois, Indiana, Michigan, Nebraska, Oregon, Pennsylvania, and Wisconsin.

Election of coverage through reciprocal coverage arrangements.—To provide continuity of coverage for individuals working successively in different State for the same employer, most States have adopted legislation which enables them to enter into reciprocal arrangements with other States, under which such services are covered in a single State by election of the employer. The arrangements permit an employer to cover all the services of such a worker in any State in which any part of his service is performed or he has his residence or the employer maintains a place of business. Forty-six [3] States are participating under such arrangements.

Services covered under the terms of reciprocal arrangements are typically those performed by individuals who contract by the job and whose various jobs are in different States. An engineer who works

[2] All except Arizona, Arkansas, Delaware, District of Columbia, Hawaii, Idaho, Maryland, Massachusetts, Minnesota, Missouri, New Mexico, North Dakota, Oklahoma, Puerto Rico, Utah, and Vermont.

[3] All except Alaska, Kentucky, Mississippi, New Jersey, New York, and Puerto Rico.

for an Illinois firm on a construction job in Minnesota which lasts for 6 months and who then goes to Texas on a job for 9 months might be covered by both the Minnesota and Texas laws, respectively, for the services performed in each. Under the reciprocal arrangement, the Illinois employer could elect to have all services performed by this engineer covered by the Illinois law.

All the States have provisions for the election of coverage of services outside the State not covered elsewhere or of services allocated to the State under a reciprocal agreement.

Employments Specifically Excluded

Employment covered by the State laws is defined mainly in terms of services excluded from coverage. The definitions, in general, follow the exclusions under the Federal Unemployment Tax Act.

This section presents a brief discussion of each of the exclusions which occur in all or nearly all the State laws, followed by a tabulation of the other more frequent exclusions (table 5). A great many miscellaneous exclusions which occur in only a few States and affect relatively small groups have been omitted.

Agricultural labor.—The State laws included in the Federal-State unemployment insurance program exclude agricultural labor from coverage, except in the District of Columbia and in Hawaii, where agricultural employment on the large farms is covered, and Puerto Rico. Most of the laws include substantially the same exclusions as those in the Federal Unemployment Tax Act, as amended in 1939.

Prior to the 1939 amendments, "agricultural labor" was defined for purposes of the Federal law by administrative regulation of the Bureau of Internal Revenue. Services on a farm in the raising and harvesting of any agricultural product were excluded, as were services in some processing and marketing activities when performed for the farmer who raised the crop and as an incident to primary farming operations. Most of the States similarly defined agricultural labor by regulation or interpretation. The definition of agricultural labor added to the Federal Unemployment Tax Act in 1939 broadened the exclusion; some processing and marketing activities are excluded whether or not they are performed in the employ of the farmer. Also excluded are services in the management and operation of a farm, if they are performed for the farm owner or operator.

Ten States exclude agricultural labor without a statutory definition. Four [4] of them have not adopted a general definition but make individual decisions on coverage; the other six [5] define agricultural

[4] Nevada, New Jersey, Texas, and Vermont.

[5] Connecticut, Kansas, Kentucky, Massachusetts, Rhode Island, and Tennessee.

Table 5.—Significant miscellaneous employment exclusions [1]

State	Agents on commission		Casual labor not in course of employer's business (32 States)	Part-time service for nonprofit organizations exempt from Federal income tax [2] (35 States)	Student nurses and interns in the employ of a hospital (29 States)	Students working for schools [3] (35 States)	Domestic service in a college club or fraternity (40 States)
	Insurance (41 States)	Real estate (26 States)					
Alabama	X		X	X	X	X [4]	X.
Alaska	X	X	X	X		X [4]	
Arizona	X	X	X	X	X	X	X.
Arkansas [5]	X	X	X	X	X	X	X.
California		X	X	X	X	X	X.
Colorado	X	X	X		X	X [6]	X.
Connecticut	X	X	X	X [7]	X	X [6]	X.
Delaware	X						
District of Columbia	X	X	X	X	X	X [4]	X.
Florida	X	X	X	X	X	X	X.
Georgia	X		X	X	X	X [4]	X.
Hawaii	X		X	X	X	X	X. [8]
Idaho	X				X		X.
Illinois	X	X		X			X.
Indiana	X		X	X	X	X [4]	X.
Iowa							
Kansas	X			X		X [4]	X.
Kentucky	X	X [9]	X	X	X	X	
Louisiana	X	X	X	X	X	X [4]	X.
Maine	X			X	X	X	X.
Maryland	X	(10)	X	X	X	X [4]	X.
Massachusetts	X		X	X	X	X	X.
Michigan	X	X					X.
Minnesota	X	(10)	X	X	X	X	X.
Mississippi	X		X	X	X	X [4]	X.
Missouri	X	X [9]				X [6]	X.
Montana	X	X					X.
Nebraska	X	X	X	X	X	X	X.
Nevada		X					X.
New Hampshire	X		X	X			X.
New Jersey	X	X					
New Mexico	X				X		X.
New York						X	
North Carolina	X		X	X		X	X.
North Dakota	X	X	X	X	X	X	X.
Ohio			X	X	X	X [4]	X.
Oklahoma	X				X		X.
Oregon	X	X	X				X.
Pennsylvania	X	X	X	X	X	X [4]	X.
Puerto Rico			X			X	
Rhode Island		X	X [11]	X		X	
South Carolina	X	X	X	X	X	X	X.
South Dakota	X			X	X	X [4]	X.
Tennessee	X	X [9]					
Texas	X			X	X	X [4]	X.
Utah	X	X	X	X			X.
Vermont			X	X		X [4]	
Virginia	X	X	X	X	X	X [4]	X.
Washington	X	X	X	X		X [4]	X.
West Virginia	X						
Wisconsin				X			X.
Wyoming							

[1] For the major employment exclusions, see text, pp. 9–15.

[2] If the remuneration does not exceed $45 per calendar quarter (or is less than $50, in accordance with 1950 amendment to Federal Unemployment Tax Act); in Alaska, $250

[3] Service in employ of school, college, or university by a student regularly enrolled at such institution.

[4] In States noted, law contains broad exclusion of services performed by students in the employ of an organization exempt from Federal income tax. Alabama, District of Columbia, Georgia, Maryland, Mississippi, Pennsylvania, and Texas also have provisions excluding services performed by a student in the employ of his school, if such school is not exempt from Federal income tax and the remuneration does not exceed $45 in a calendar quarter (exclusive of room, board, and tuition). All but 3 of the States noted (Maryland, Mississippi, and Ohio) have a provision which provides for the coverage of any excluded services which are subject to the Federal Unemployment Tax Act.

[5] Excludes any service exempt from the Federal Unemployment Tax Act.

[6] If the remuneration (exclusive of room, board, and tuition) does not exceed $45 per calendar quarter (Colorado and Connecticut). In Missouri, if remuneration does not exceed $50.

[7] Limited to service for labor, agricultural, or horticultural organization, or fraternal beneficiary society.

[8] If the cash remuneration is less than $225 per calendar quarter.

[9] By court decision or attorney general's opinion.

[10] Applicable only while exempt from Federal Unemployment Tax Act.

[11] Does not exclude such service if performed for a corporation (Rhode Island), or if performed by industrial insurance agents (West Virginia).

labor by means of regulations or according to general interpretations.

The District of Columbia, an urban community, has no exclusion of agricultural labor; it specifies, by regulation, that employers engaged in the operation of agricultural establishments, farms, nurseries, and dairies are included within the act. Hawaii limits its agricultural labor exclusion to services performed on the smaller farms; agricultural labor is covered if it is performed for an employing unit which had 20 or more persons engaged in agricultural employment in each of 20 weeks in the current or the preceding calendar year. However, agricultural employers may elect to be covered instead by the Hawaii agricultural unemployment compensation law, which is not part of the Federal-State unemployment insurance system. In Puerto Rico, agricultural employment in the sugar industry, formerly covered under a separate program, is now covered under the Employment Security Act. However, the amount of benefits paid to these workers differs from that applicable to other covered workers. (See p. 59 Footnote 3.)

Domestic service in private homes.—New York covers domestic servants in private homes if the household employs at least four such workers at any time. Hawaii covers a domestic worker in a private home or a local college club or local chapter of a fraternity or sorority if he is paid by the employing unit cash remuneration of at least $225 in a calendar quarter. The remaining 50 States exclude domestic service in private homes and 40 of them exclude such service for college clubs and fraternity and sorority chapters, as shown in table 5.

Service for relatives.—All States exclude service for an employer by his spouse or minor child and, except in New York, service of an individual in the employ of his son or daughter.

Nonprofit organizations.—The Federal Unemployment Tax Act, as amended in 1960, exempts service performed after 1961 for nonprofit organizations described in section 501(c)(3) of the Federal Internal Revenue Code which are exempt from Federal income tax under 501(a) of such Code. This change brings under coverage of the Federal Unemployment Tax Act services for "feeder organizations" of nonprofit organizations (i.e., organizations which are operated for the primary purpose of carrying on a trade or business for profit, and whose profits are payable to one or more nonprofit organizations), and services for certain other nonprofit organizations which engage in prohibited transactions or unreasonably accumulate income or use it in a prohibited manner.

All States except Alaska, Colorado, the District of Columbia, and Hawaii exempt service in the employ of a corporation, community chest, fund, or foundation organized and operated exclusively for religious, charitable, educational, or similar purposes, if no part of the net earnings inures to the benefit of any private shareholder or individ-

ual. Seven States [6] amended their laws in 1961 to make such exemption contingent upon exemption from Federal income tax. Two States, Nevada and South Carolina, specifically provides that such exemption is contingent upon exemption from the Federal Unemployment Tax Act. Many of the remaining States have a general provision in the law covering any service which is covered under the Federal Unemployment Tax Act. (See table 3.)

Colorado and the District of Columbia exempt only certain specified types of service for nonprofit organizations.

In Alaska service performed in the employ of nonprofit organizations is exempt if the remuneration for such service is less than $250 in any calendar quarter; in Hawaii, if the remuneration is less than $50 in a calendar quarter. Alaska and Hawaii also exempt service performed by a minister or by a member of a religious order, but Hawaii applies the exemption only to the religious (and not to the secular) duties performed by members of such orders. Alaska, in addition, excludes services of nurses, technicians, and professional employees of nonprofit hospitals and members of the faculty of a nonprofit college or university.

Thirty-three States excluding Alaska and Hawaii exempt part-time service for other nonprofit organizations exempt from Federal income tax if the remuneration per quarter does not exceed $45 (or, in accordance with the 1950 amendment to the Federal Unemployment Tax Act, is less than $50) (table 5).

Related also are the exclusions of the service of students for the educational institutions in which they are regularly enrolled (in accordance with a 1960 amendment to the Federal Unemployment Tax Act) (35 States), and of student nurses in hospitals or training schools and interns (29 States) (table 5).

Service for Federal instrumentalities.—An amendment to the Federal Unemployment Tax Act, effective with respect to services performed after 1961, permits States to cover Federal instrumentalities which are neither wholly nor partially owned by the United States, nor exempt from the tax imposed under section 3301 of the Federal Internal Revenue Code by virtue of any other provision of law which specifically refers to such section of the Code in granting such exemption. All States except New Jersey have provisions in their laws which permit the coverage of service performed for such wholly privately owned Federal instrumentalities.

Service for State and local governments.—Since, under the Constitution, the Federal Government cannot tax State and local governments or their instrumentalities, the Federal act excludes them from coverage.

---

[6] California, Florida, Nebraska, North Carolina, South Dakota, Texas, and Wisconsin.

Thirty-three States provide some form of coverage for some of their own or local government workers (table 6). Wisconsin has long included the State and its first-class cities in its definition of "employer"; any other political subdivision may elect to cover one or more of its operating units. However, Wisconsin excludes from "employment" (unless expressly elected) the services of elected or appointed public officers and consultants, and employment on work-relief projects and temporary jobs at the State fair, or in such emergency jobs as firefighting, flood control, and snow removal. Many of these 33 States provide for similar exclusions and do not permit their coverage by election. Connecticut, Michigan, Minnesota, New Hampshire, New York, Oregon, and Rhode Island also provide mandatory coverage for their State employees, and permit election of coverage by municipal corporations or other local government subdivisions. Hawaii provides mandatory coverage for both State and local government employees. Two States, in addition to covering their own government workers, also provide mandatory coverage for special groups—New York covers custodial employees of boards of education in its cities of 500,000 or more population, and Oregon covers its people's utility districts which are agencies of the State.

Fifteen States permit election of coverage by governmental units at both the State and local levels. The District of Columbia has elected coverage for all of its employees. Massachusetts, by legislative action, authorizes named instrumentalities of the State to elect coverage, while Vermont excludes its State employees but permits its towns, cities, municipal corporations, or their instrumentalities to elect coverage. Pennsylvania permits elective coverage of services performed for municipal authorities, school cafeterias and volunteer fire companies.

While all the States finance the payment of unemployment benefits by means of contributions from covered employers, there is a variation in this pattern when the "employer" is the State government itself or any of its units. Seventeen [7] States conform to the standard procedure and require contributions in the regular manner, but the other 14 [8] have adopted the system of being billed, usually at quarterly intervals, for the amount of benefits charged to their respective accounts, and then repaying such amount into the State unemployment compensation fund. California requires contributions from itself, but permits reimbursement by the local units. New York requires reimbursement by itself, but permits a choice of contributions or reimbursement from the local units. (See table 6.)

---

[7] Alaska, Arizona, Florida, Indiana, Kentucky, Louisiana, Maryland, Missouri, Nevada, North Dakota, Pennsylvania, Puerto Rico, Tennessee, Texas, Utah, Washington, and Wyoming.

[8] Alabama, Connecticut, District of Columbia, Hawaii, Idaho, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, Oregon, Rhode Island, Vermont, and Wisconsin.

Table 6.—Coverage of service for State and local governments [1]

State	Mandatory		Elective		Benefits financed by—	
	State	Local	State	Local	Contributions	Reimbursement
Alabama		[2]				X
Alaska			X	X	X	
Arizona			X	X	X	
California	[3]	[3]	X	X	[3]	[3]
Connecticut	X			X		X
District of Columbia			X			X
Florida [4]			X	X	X	
Hawaii	X	X				X
Idaho	X					X
Indiana		[2]			X	
Kentucky			X	X	X	
Louisiana [4]	[2]		X	X	X	
Maryland			X	X	X	
Massachusetts			[5]			X
Michigan [4]	X			X		X
Minnesota	X			X		X
Missouri [4]			X [6]	X [6]	X	
Nebraska				X		X
Nevada			X	X	X	
New Hampshire	X			X		X
New York	X	[2]		X	[3]	[3]
North Dakota			X [6]	X	X	
Oregon [4]	X			X		X
Pennsylvania				[5]	X	
Puerto Rico	[2]	[2]			X	
Rhode Island	X			X		X
Tennessee			X	X	X	
Texas [4]			X [6]	X [6]	X	
Utah [4]			X [6]	X [6]	X	
Vermont [4]				X		X
Washington	[3]		X	X	X	
Wisconsin	X	[2]		X		X
Wyoming			X [6]	X	X	

[1] Including instrumentalities thereof

[2] Mandatory coverage limited to service for Walker County and its agencies or instrumentalities (Alabama); service for public housing authorities and to services performed by blind and physically handicapped workers in non-civil-service positions (California); municipally-owned public utilities (Indiana); liquidation or receivership under a State agency (Louisiana), custodial service for boards of education of cities of 500,000 or more (New York); agencies or instrumentalities of Puerto Rico or of its municipalities, operating as private enterprises (Puerto Rico); ferries operated by Washington Toll Bridge Authority, public utility districts, and public power authorities (Washington); and 1st class cities (Wisconsin).

[3] Contributions for State, reimbursement for local (California); reimbursement for State and either contributions or reimbursement for local (New York).

[4] No election reported.

[5] Elective coverage limited to service for instrumentalities specifically authorized by legislation (Massachusetts); and municipal authorities, school cafeterias, and volunteer fire companies (Pennsylvania).

[6] By interpretation.

Maritime workers.—The Federal Unemployment Tax Act and most State laws initially excluded maritime workers, principally because it was thought that the Constitution prevented the States from covering such workers. Supreme Court decisions in *Standard Dredging Corporation* v. *Murphy* and *International Elevating Company* v. *Murphy*, 319 U.S. 306 (1943), were interpreted to the effect that there is no such bar. In 1946 the Federal Unemployment Tax Act was amended to permit any State from which the operations of an American vessel operating on navigable waters within or within and without the United States are ordinarily regularly supervised, managed, directed, and controlled, to require contributions to its unemployment fund under its State unemployment compensation law.

Some States whose laws did not specifically exclude maritime workers automatically covered such workers after 1943. In others, coverage was automatic after 1946 because of provisions that State coverage would follow any extension of Federal coverage. Many other States took legislative action to limit the exclusion of maritime service to service performed on non-American vessels. At present most laws provide for coverage of maritime workers. In the only coastal States without such statutory coverage, maritime workers are covered indirectly. New York and Rhode Island have entered into reciprocal arrangements covering such workers, and in Maryland, Mississippi, and South Carolina, maritime employers have elected coverage. In Arizona, Montana, Nevada, North Dakota, and South Dakota the exclusion of maritime workers has little meaning.

Coverage of service by reason of Federal coverage.—Thirty-one States have a provision that any service covered by the Federal Unemployment Tax Act is employment under the State law (table 3). Two other States, Massachusetts and Nevada, have a similar provision with respect to particular types of employment as indicated in the footnotes to the table.

This provision would permit immediate coverage of workers in such excluded services as employees of nonprofit organizations if the Federal act were amended to include them.

Voluntary coverage of excluded employments.—In all States except Alabama, Massachusetts, and New York, employers, with the approval of the State agency, may elect coverage of services excluded from the definition of employment under their laws.

Self-employment.—Employment, for purposes of unemployment insurance coverage, is employment of workers who work for others for wages; it does not include self-employment. Although the protection of the Federal old-age, survivors and disability insurance program has been extended to most of the self-employed, protection under the unemployment insurance program is not feasible, largely because of the difficulty of determining whether in a given week a self-employed worker is unemployed. One small exception has been incorporated in the California law. A subject employer may apply for coverage of his own services: if his election is approved, his wages for purposes of contributions and benefits are deemed to be $1,410 a quarter, and his contribution rate is fixed at 1.25 percent of wages.